Kendrick L. Moxon 1 BOWLES & MOXON 6255 Sunset Blvd. 2 Suite 2000 Hollywood, CA 90028 3 (213) 661-4030 4 Attorney for Defendant and Counterclaimant CHURCH OF SPIRITUAL TECHNOLOGY 5 6 7 8 UNITED STATES DISTRICT COURT 9 CENTRAL DISTRICT OF CALIFORNIA 10 VICKI J. AZNARAN and ) CASE No. CV 88-1786 JMI(Ex) RICHARD N. AZNARAN, 11 ANSWER AND COUNTERCLAIM OF Plaintiffs, CHURCH OF SPIRITUAL TECHNOLOGY; 12 DEMAND FOR JURY TRIAL 13 v. 14 CHURCH OF SCIENTOLOGY OF 15 CALIFORNIA, et al., 16 Defendants. 17 CHURCH OF SPIRITUAL TECHNOLOGY, 18 Counterclaimant, 19 v. 20 VICKI J. AZNARAN and 21 RICHARD N. AZNARAN, 22 Counterdefendants. 23 Defendant Church of Spiritual Technology (hereinafter 24

"Defendant"), for itself only and for no other Defendant, answers plaintiffs' complaint in this action as follows:

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1. Defendant admits the averments of paragraph 1 insofar as there is diversity of citizenship; but denies that the amount

in controversy between plaintiffs and this Defendant exceeds \$10,000. This Defendant admits that it has its principal offices within this district. This Defendant neither admits nor denies the averments pertaining to other defendants and says that said averments should be answered by said other defendants if and when they are required to do so. Defendant lacks knowledge or information sufficient to form a belief as to the truth of the remainder of the averments and, on that ground, denies those averments.

- 2. Defendant is informed and believes and on that basis admits the truth of the averments in paragraph 2.
- 3. This Defendant admits that it is a California non-profit religious corporation, having its principal offices in the State of California. This Defendant neither admits nor denies the averments pertaining to other defendants and says that said averments should be answered by said other defendants if and when they are required to do so.
- 4. This Defendant lacks knowledge or information sufficient to form a belief as to the truth of the averments contained in paragraph 4 and on that basis denies each of these averments.
- 5. This Defendant neither admits nor denies the averments pertaining to other defendants and says that said averments should be answered by said other defendants if and when they are required to do so.
- 6. This Defendant denies each and every averment of paragraph 6.
  - 7. This Defendant denies each and every averment of

paragraph 7.

8. This Defendant denies each and every averment of paragraph 8.

- 9. This Defendant is informed and believes and on that basis admits that plaintiffs were members of Churches of Scientology and that plaintiffs became members of the Church in Dallas, Texas; that plaintiffs voluntarily took various Scientology courses, voluntarily received various Scientology services and voluntarily held various staff positions in Churches of Scientology. This Defendant denies the remainder of the averments in paragraph 9.
- 10. This Defendant denies each and every averment of paragraph 10.
- 11. This Defendant denies each and every averment of paragraph 11.
- 12. This Defendant denies each and every averment of paragraph 12.
- 13. This Defendant denies each and every averment of paragraph 13.
- 14. This Defendant denies each and every averment of paragraph 14.
- 15. This Defendant is informed and believes and on that basis admits the averment in paragraph 15 that plaintiff Vicki Aznaran was at one time a member of the Commodore's Messenger Organization. Defendant denies the remainder of the averments in paragraph 15.
- 16. This Defendant denies each and every averment of paragraph 16.



admitted, denied and averred with respect to those specific paragraphs as previously set forth in this answer.

- 30. This Defendant denies each and every averment of paragraph 30.
- 31. This Defendant denies each and every averment of paragraph 31.
- 32. This Defendant denies each and every averment of paragraph 32.
- 33. This Defendant denies each and every averment of paragraph 33.
- 34. In answering the averments contained in paragraph 34 wherein plaintiffs adopt by reference paragraphs 2 through 33 of their complaint, this Defendant admits, denies, and avers to the same effect and in the same manner as this Defendant admitted, denied and averred with respect to those specific paragraphs as previously set forth in this Answer.
- 35. This Defendant admits that Churches of Scientology render religious services of a spiritual nature based on the religious beliefs of Scientology. This Defendant denies the remainder of the averments contained in paragraph 35.
- 36. This Defendant denies each and every averment of paragraph 36.
  - 37. This Defendant denies each and every averment of

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paragraph 37.

- 38. This Defendant denies each and every averment of paragraph 38.
- 39. In answering the averments contained in paragraph 39 wherein plaintiffs adopt by reference paragraphs 2 through 39 of their complaint, this Defendant admits, denies and avers to the same effect and in the same manner as this Defendant admitted, denied and averred with respect to those specific paragraphs as previously set forth in this Answer.
- 40. This Defendant admits that Churches of Scientology render religious services of a spiritual nature based on the religious beliefs of Scientology. This Defendant denies the remainder of the averments contained in paragraph 40.
- 41. This Defendant denies each and every averment of Paragraph 41.
- 42. This Defendant denies each and every averment of Paragraph 42.
- 43. In answering the averments contained in Paragraph 43 wherein plaintiffs adopt by reference paragraphs 2 through 42 of their complaint, this Defendant admits, denies, and avers to the same effect and in the same manner as this Defendant admitted, denied and averred with respect to those specific paragraphs as previously set forth in this Answer.
- 44. This Defendant denies each and every averment of paragraph 44.
- 45. This Defendant denies each and every averment of paragraph 45.
  - 46. This Defendant denies each and every averment of

paragraph 46.

47. In answering the averments contained in paragraph 47 wherein plaintiffs adopt by reference paragraphs 2 through 46 of their complaint, this Defendant admits, denies, and avers to the same effect and in the same manner as this Defendant admitted, denied and averred with respect to those specific paragraphs previously set forth in this Answer.

- 48. This Defendant denies each and every averment of paragraph 48.
- 49. This Defendant denies each and every averment of paragraph 49.
- 50. This Defendant denies each and every averment of paragraph 50.
- 51. This Defendant denies each and every averment of paragraph 51.
- 52. This Defendant denies each and every averment of paragraph 52.
- 53. In answering the averments contained in paragraph 53 wherein plaintiffs adopt by reference paragraphs 2 through 52 of their complaint, this Defendant admits, denies, and alleges to the same effect and in the same manner as this Defendant admitted, denied and averred with respect to those specific paragraphs previously set forth in this Answer.
- 54. This Defendant admits that Churches of Scientology render religious services of a spiritual nature based on the religious beliefs of Scientology. This Defendant denies the remainder of the averments contained in paragraph 54.
  - 55. This Defendant denies each and every averment of

paragraph 55.

- 56. This Defendant denies each and every averment of paragraph 56.
- 57. This Defendant denies each and every averment of paragraph 57.
- 58. This Defendant denies each and every averment of paragraph 58.
- 59. This Defendant denies each and every averment of paragraph 59.
- 60. In answering the averments contained in paragraph 60 wherein plaintiffs adopt by reference paragraphs 2 through 59 of their complaint, this Defendant admits, denies and avers to the same effect and in the same manner as this Defendant admitted, denied and averred with respect to those specific paragraphs previously set forth in this Answer.
- 61. This Defendant denies each and every averment of paragraph 61.
- 62. This Defendant denies each and every averment of paragraph 62.
- 63. This Defendant denies each and every averment of paragraph 63.
- 64. In answering the averments contained in paragraph 60 wherein plaintiffs adopt by reference paragraphs 2 through 59 of their complaint, this Defendant admits, denies and avers to the same effect and in the same manner as this Defendant admitted, denied and averred with respect to those specific paragraphs previously set forth in this Answer.
  - 65. This Defendant lacks knowledge or information

sufficient to form a belief as to the truth of the averments contained in paragraph 65 and on that basis denies each of these averments.

- 66. This Defendant denies each and every averment of paragraph 66.
- 67. This Defendant denies each and every averment of paragraph 67.
- 68. This Defendant denies each and every averment of paragraph 68.
- 69. This Defendant denies each and every averment of paragraph 69.
- 70. In answering the averments contained in paragraph 70 wherein plaintiffs adopt by reference paragraphs 2 through 69 of their complaint, this Defendant admits, denies, and avers to the same effect and in the same manner as this Defendant admitted, denied and averred with respect to those specific paragraphs previously set forth in this Answer.
- 71. This Defendant denies each and every averment of paragraph 71.
- 72. This Defendant denies each and every averment of paragraph 72.
- 73. This Defendant denies each and every averment of paragraph 73.
- 74. This Defendant denies each and every averment of paragraph 74.
- 75. This Defendant denies each and every averment of paragraph 75.
  - 76. In answering the averments contained in paragraph 76

wherein plaintiffs adopt by reference paragraphs 2 through 75 of their complaint, this Defendant admits, denies, and avers to the same effect and in the same manner as this Defendant admitted, denied and averred with respect to those specific paragraphs previously set forth in this Answer.

- 77. This Defendant denies each and every averment of paragraph 77.
- 78. This Defendant denies each and every averment of paragraph 78.
- 79. This Defendant denies each and every averment of paragraph 79.
- 80. In answering the averments contained in paragraph 80 wherein plaintiffs adopt by reference paragraphs 2 through 79 of their complaint, this Defendant admits, denies, and avers to the same effect and in the same manner as this Defendant admitted, denied and averred with respect to those specific paragraphs previously set forth in this Answer.
- 81. This Defendant admits that Churches of Scientology render religious services of a spiritual nature based on the religious beliefs of Scientology. This Defendant denies the remainder of the averments contained in paragraph 81.
- 82. This Defendant denies each and every averment of paragraph 82.
- 83. This Defendant denies each and every averment of paragraph 83.
- 84. This Defendant denies each and every averment of paragraph 84.
  - 85. This Defendant denies each and every averment of

## FIRST AFFIRMATIVE DEFENSE

86. The Complaint fails to state any claim upon which relief may be granted.

#### SECOND AFFIRMATIVE DEFENSE

87. Plaintiffs' claims in this action, and each of them, are barred by applicable statutes of limitations, including but not limited to, those found in California Code of Civil Procedure §§ 338(1), 338(3), 338(4), 339(1), 340(1), 340(3), and 343.

#### THIRD AFFIRMATIVE DEFENSE

88. The claims asserted by Vicki Aznaran, and each of them, are barred by a Mutual Settlement and Release, duly executed by Vicki Aznaran. The release between the parties covers and includes each claim in the Complaint and precludes Vicki Aznaran from bringing these claims, and each of them, or any other claims against Defendant.

#### FOURTH AFFIRMATIVE DEFENSE

89. The claims asserted by Richard Aznaran, and each of them, are barred by a Mutual Settlement and Release, duly executed by Richard Aznaran. The release between the parties covers and includes each claim in the Complaint and precludes Richard Aznaran from bringing these claims, and each of them, or any other claims against Defendant.

#### FIFTH AFFIRMATIVE DEFENSE

90. The two duly executed Mutual Settlement and Releases described herein constitute an accord and satisfaction of each and every claim made in the Complaint.

91. Plaintiffs, and each of them, are estopped by their conduct from asserting any purported claims for relief against Defendant, including but not limited to all alleged conduct of this Defendant intentionally or negligently directed, authorized or ratified by plaintiff Vicki Aznaran during her tenure as President of Religious Technology Center.

## SEVENTH AFFIRMATIVE DEFENSE

92. Plaintiffs, and each of them, have waived all right, if any they ever had, to any and all recovery sought by the Complaint.

#### EIGHTH AFFIRMATIVE DEFENSE

93. Plaintiffs at all times voluntarily, knowingly and willingly assumed any and all risk arising from their participation in and/or association with the defendant herein with respect to all incidents and activities, including those referred to in the Complaint. Any and all claimed "injuries" or damages were proximately caused by plaintiffs' own conduct.

## NINTH AFFIRMATIVE DEFENSE

94. Plaintiffs' claims, and each of them, are barred by applicable principles of the First Amendment to the Constitution. The complaint impermissibly intrudes on rights held by Defendant and others to privacy and association, to religious free exercise, and to freedom from excessive governmental entanglement in religious affairs.

#### TENTH AFFIRMATIVE DEFENSE

95. Plaintiffs' claims, and each of them, are barred by the doctrine of contributory negligence in that plaintiffs' own

actions are a proximate legal cause for any injury or damages suffered by them. Plaintiffs, willfully and with knowledge, voluntarily entered into membership in the Scientology religion, and remained parishioners and employees of various Scientology-affiliated entities even after attaining high levels of training and responsibility within said entities.

#### ELEVENTH AFFIRMATIVE DEFENSE

96. Relative to the acts or conduct alleged by plaintiffs, Defendant as a matter of law is not and has never been the agent, servant, employee, partner, associate, joint venturer, co-participant, co-conspirator, or principal of any other Defendant. Accordingly, Defendant is not liable to plaintiffs for any of the acts complained of.

## TWELFTH AFFIRMATIVE DEFENSE

97. Plaintiffs, after discovery of all the facts which allegedly constituted defendants' fraudulent activity, made ratification thereof by their conduct.

#### THIRTEENTH AFFIRMATIVE DEFENSE

This Defendant asserts that recovery is barred by the doctrine of unclean hands.

WHEREFORE, Defendant prays for relief as follows:

- 1) That plaintiffs take nothing by their Complaint;
- 2) That Defendant recover its costs of suit herein;
- 3) That Defendant recover its attorneys' fees and costs of defending the suit herein; and
- 4) That the Court award such further relief as it may deem proper.

#### COUNTERCLAIM BY DEFENDANT CST

#### JURISDICTIONAL AVERMENTS

- 1. Counterclaimant Church of Spiritual Technology
  ("CST") is a non-profit religious corporation organized under
  the laws of the State of California. CST's principal offices
  are in the State of California and within this district.
- Counter-defendants Vicki and Richard Aznaran
   (collectively the "Aznarans") are residents and citizens of the
   State of Texas.
  - 3. The amount of controversy exceeds \$10,000.
- 4. This counterclaim is brought pursuant to principles of pendant jurisdiction and jurisdiction based on 28 U.S.C. Section 1332(a).

#### GENERAL AVERMENTS

- 5. Vicki Aznaran was for many years a parishioner of the religion of Scientology, and a senior official of counterclaimant RTC for approximately 5 years. Vicki Aznaran served as the President of RTC from 1983 until March 1987. For many years Vicki Aznaran received, conducted and participated in religious counseling, services and activities offered by the Churches of Scientology ("the Church"). Additionally, as president of RTC, Vicki Aznaran participated in, directed, and was responsible for various activities pertaining to the corporate, ecclesiastical and legal affairs of RTC.
- 6. Richard Aznaran was a parishioner of the religion of Scientology for many years. Richard Aznaran also held various staff positions over the years.

- 7. In or about March 1987, Vicki Aznaran voluntarily resigned from her position as president of RTC, and assigned herself to religious rehabilitation program known as the "Rehabilitation Project Force" (hereinafter "RPF"). The RPF is a program established as a direct result of the religious belief that man is basically good and, with proper application of religious procedures as laid out in the Scientology scriptures, can be rehabilitated. Vicki resigned, in part, because of her support to various persons who had been removed from their positions within the Guardian's Office of the Church in the early 1980s, after Church authorities discovered that these persons had committed improper actions in complete disregard for and contravention of Church policies.
- 8. On or about March 31, 1987, Vicki Aznaran determined to and did terminate her service with RTC. She voluntarily and freely departed the premises of RTC in the company of two other former RTC staff members.
- 9. Upon learning of her departure, agents for RTC contacted Vicki, assisted her by making a hotel room available to her, and arranged for her husband, Richard, to meet with her. The decision to return to service in RTC was left totally up to her and, although the two persons with whom she initially departed both decided to return, Vicki did not. After meeting with Vicki, Richard also decided to discontinue his employment.
- 10. Out of concern for the Aznarans, and in order to make their transition to public life as simple and easy as possible, RTC packed up and transported to them all of their personal belongings, even including those personal belongings such as a

VCR which had been purchased with RTC funds. Their two dogs were likewise brought to the Aznarans by RTC and their horse, which had been originally purchased by the Aznarans for \$1,200.00, was purchased from them without negotiation by defendant Church of Scientology International for \$1,500.00.

- 11. Additionally, at or around the date that the Aznarans left the Church, the Aznarans and CSI entered into a loan agreement in which the Aznarans borrowed \$20,000, at a minimal rate of interest, from CSI. The loan was arranged in order to assist the Aznarans. A true and correct copy of that loan agreement (the "loan agreement") is annexed hereto as Exhibit A.
- 12. In April 1987, Vicki Aznaran executed a Mutual Release Agreement (the "VA Release") with CST and others. A true and correct copy of the Release signed by Vicki Aznaran is annexed hereto as Exhibit B.
- 13. In April 1987, Richard Aznaran executed a Mutual Release Agreement (the "RA Release") with CST and others. A true and correct copy of the Release signed by Richard Aznaran is annexed hereto as Exhibit C. The VA Release and RA Release are hereinafter collectively referred to as the "Releases."
- 14. The Releases, and each of them, signed by the Aznarans constitute valid agreements between the Aznarans and various defendants, specifically including CST. The Aznarans each received a copy of their respective releases at the time the Releases were signed. The Releases were executed for fair and valuable consideration. The Aznarans signed the Releases without duress and intended them to be valid and binding.

15. The Releases signed by plaintiffs pertained to, included and released "any and all claims, demands, damages, actions and causes of action of every kind and nature, known or unknown, from the beginning of time to and including the date [of the Release]." [Releases Para. (3)]

16. Additionally, among other things, the Releases signed by Vicki and Richard Aznaran contained covenants not to sue [Releases Para. 6B], covenants of confidentiality [Releases Para. (6C)] and covenants not to assist or advise anyone contemplating or engaged in litigation against Scientology [Releases Para. 8]. Specifically, the Releases provided as follows:

(a) <u>Covenant Not to Sue</u>: Paragraph 6B of the VA Release provides in part that:

"VICKI AZNARAN understands that by the execution of this release, no claims arising out of her experience with, or actions by, [CST and others] from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by her or on her behalf, against [CST and others]".

- (b) The terms of Paragraph 6B of the RA are identical to the language referenced above except that the name RICK AZNARAN appears.
- (c) Covenant of Confidentiality: Paragraph 6C of the VA Release provides in part that:
  "VICKI AZNARAN agrees never to . . . assist another to create for publication by means of

magazine, article, book or other similar form, any writing, . . . concerning her experiences with the Church of Scientology, L. Ron Hubbard, or RTC and other defendants]. VICKI AZNARAN further agrees that she will maintain strict confidentiality and silence with respect to her experiences with the Church of Scientology and any knowledge or information she may have concerning the Church of Scientology, L. Ron Hubbard, or any of the [defendants]. . . VICKI AZNARAN agrees that if the terms of this paragraph are breached by her, the aggrieved party listed hereinabove would be entitled to liquidated damages in the amount of \$10,000 for each such breach. The reasonableness of the amount of such damages are hereto [sic] acknowledged by VICKI AZNARAN."

- (d) Paragraph 6C of the RA Release is identical to the above-quoted language except that the name RICK AZNARAN appears.
- (e) Covenant of Non-Assistance: Paragraph 8 of the VA Release provides in part that:
  "VICKI AZNARAN agrees that she will not assist or advise anyone contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any [of the defendants]."
- (g) Paragraph 8 of the RA Release is identical to the above-quoted paragraph except that the name RICK AZNARAN appears.

17. In or about April 1987, the Aznarans departed California and went to Dallas, Texas. Shortly thereafter, Rick Aznaran requested assistance from RTC in the form of statements from attorneys retained by RTC and other defendants. Said statements concerned investigative work performed by Rick under the supervision of these counsel while serving the Church, and were requested by him in order to obtain licensing as a private investigator in the State of Texas. Said statements were rapidly made available to Rick Aznaran, and were thereafter successfully used by him to obtain the requisite license and establish a business as a private investigator.

#### FIRST CLAIM FOR RELIEF

(Against Vicki and Richard Aznaran for Breach of Contract)

- 18. CST refers to, repeats and incorporates by reference as if fully set forth herein each and every averment of paragraph 1 to 17 inclusive.
- 19. CST and other defendants have performed all material obligations under the Releases except where such performance has been rendered impossible or impracticable by plaintiffs' breaches.
- 20. In complete disregard of the language of the Releases signed and acknowledged by the Aznarans, the Aznarans, and each of them, have breached the not to sue covenants of the Releases by:
  - (a) Filing the instant lawsuit against CST and other defendants. The Releases were intended to and did cover and release each claim made by the

Aznarans in the complaint. The Aznarans at all times knew and were aware that the Releases covered the claims now asserted by them and that such claims constitute breaches of the Releases.

21. As a direct result of the breaches of the Releases by Vicki and Richard Aznaran, CST has been and continues to be damaged. As a result of the suit filed by the Aznarans in breach of the Releases, CST has been sued and incurred among other things, attorney's fees and costs which constitute damages to CST. To date CST has incurred and will incur damages in excess of \$250,000.00. CST also prays for appropriate injunctive relief to halt and prevent this continuing breach of contract by the Aznarans.

## SECOND CLAIM FOR RELIEF

(Against Vicki and Richard Aznaran

# For Liquidated Damages)

- 22. CST refers to, repeats and incorporates by reference as if fully set forth herein each and every averment of paragraphs 1 to 17 and 19 to 21, inclusive.
- 23. In direct breach of the confidentiality covenants contained in the Releases signed by them, Vicki and Richard Aznaran have voluntarily communicated with numerous individuals to reveal and discuss their experiences with and acquired knowledge about the Church of Scientology and CST.
- 24. The persons with whom plaintiffs have voluntarily engaged in such communications include, but are not limited to, Joseph A. Yanny (defendants' former attorney), Jerold Fagelbaum (an attorney representing individuals in adversarial litigation

with defendants), Welkos and Sappell (two reporters from the Los Angeles Times writing an article about Scientology),
Bent Corydon (an individual engaged in adversarial litigation with defendants), and government employees working for the Internal Revenue Service ("I.R.S."), and Department of Justice ("D.O.J.").

- 25. The Aznarans discussed their experiences with the Church with Yanny during a period when both the Aznarans and Yanny were contemplating litigation against CST and others. Specifically, the Aznarans discussed the claims made in their complaint with Yanny and others, and discussed Yanny's claims as well.
- 26. Vicki and Richard Aznaran spent over 10 hours talking to Los Angeles Times reporters Welkos and Sappell about their experiences with RTC, the Church of Scientology and other defendants, assisting the reporters in the preparation of an article about RTC, the Church of Scientology and other defendants. The entire session was tape recorded by the Aznarans and by the reporters.
- 27. In 1988, the Aznarans called and met with Corydon and discussed their experiences with RTC and the Church with him during a time when Corydon was involved in litigation against CSI and others.
- 28. The Aznarans voluntarily met with Jerold Fagelbaum, an attorney representing litigants with interests adverse to those of CST. The Aznarans discussed their experiences with RTC and the Church with him.
  - 29. The Aznarans met with agents from the I.R.S. and

- 30. Each and every one of the meetings referenced in paragraphs 23 to 29 occurred in direct breach of confidentiality covenants of the Releases signed by the Aznarans.
- 31. As a direct and proximate result of plaintiffs' respective breaches of the confidentiality covenants, CST has suffered damages. The exact amount of such damages are impossible to calculate. Consequently, CST is entitled to \$10,000 liquidated damages per breach from each plaintiff-counterdefendant pursuant to the terms set forth in paragraph 6C of the Releases. The total number of breaches and improper communications which occurred are to be proved at trial.

WHEREFORE, CST prays for judgment against plaintiffscounterdefendants as follows:

#### ON THE FIRST CLAIM FOR RELIEF

1. For compensatory damages from Vicki and Richard Aznaran in an amount exceeding \$250,000 to be proved at trial, and an injunction to immediately halt plaintiffs' wrongful conduct.

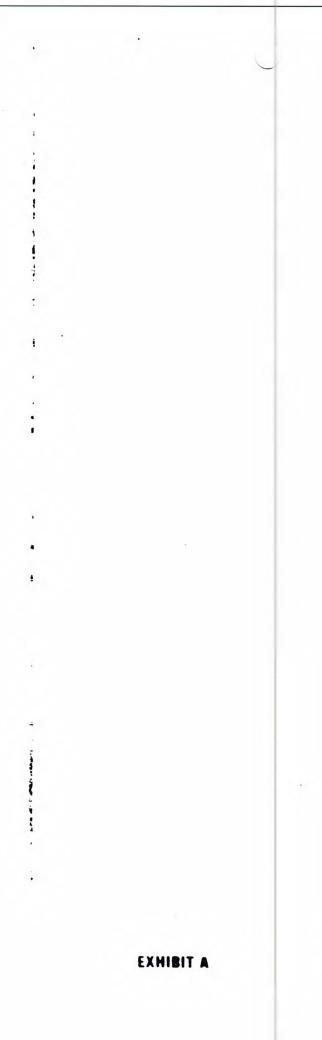
#### ON THE SECOND CLAIM FOR RELIEF

- 1. For liquidated damages from Vicki Aznaran in the sum of at least \$10,000 per breach for each breach proved at trial.
- 2. For liquidated damages from Richard Aznaran in the sum of at least \$10,000 per breach for each breach proved at trial.

#### ON ALL CLAIMS FOR RELIEF

1. For pre-judgment and post-jdugment interest.

1	2. For such other and further relief as the Court deems	
2	just and proper.	
3	Dated: September 19, 1988  BOWLES & MOXON	
4		
5	By:	
7	Kendrick L. Moxon	
8	Attorney for Defendant CHURCH OF SPIRITUAL TECHNOLOGY	
9		
10	DEMAND FOR JURY TRIAL	
11	Defendant-counterclaimant Church of Spiritual	
12	Technology demands trial by jury on all issues in this	
13	action.	
14	Dated: September 19, 1988	
15	BOWLES & MOXON	
16		
17	By: Kendrick L. Moxon	
18	Attorney for Defendant	
19	CHURCH OF SPIRITUAL TECHNOLOGY	
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# LOAN AGREEMENT

WHEREAS, Rick Aznaran and Vicki Aznaran have been long term staff and officers of the Church of Scientology.

AND WHEREAS, the Church of Scientology International wishes to assist them in their transition and relocation to public life.

It is agreed that the Church of Scientology
International shall loan Rick Aznaran and Vicki Aznaran
the sum total of \$20,000.00 at an interest rate of 5%
per annum. The interest shall be repaid annually, on
or before the 31st of December of each year. The entire
principal and balance of interest shall be repaid in full
at the end of 10 years from the date of this agreement.

Should Rick and Vicki Aznaran return to staff, the principal is payable in full at that time and any outstanding interest will be waived.

If any part of the principal is paid off before the end of the due date above, the interest is only payable on the remaining balance.

Rick Aznaran and Vicki Aznaran are liable for repayment of the principal and interest both jointly and severally.

All repayment checks are to be made payable to Church of Scientology International.

CHURCH OF SCIENTOLOGY

DATE: 9 April 87

# MUTUAL RELEASE AGREEME

- 1. This MUTUAL RELEASE AGREEMENT is made and entered into by and between VICKI AZNARAN and the Religious Technology Center; Church of Scientology International; Church of Scientology of California; Church of Spiritual Technology; all other Scientology organizations or entities as well as the officers, agents, representatives, employees, volunteers, trustees, directors, successors, assigns, and legal counsel of each of the forgoing organizations or entities; Pat Brocker and Anne Broeker (hereinafter collectively referred to as the "CHURCH"); and Author Services Incorporated, it's officers. agents, representatives, employees, volunteers, trustees, directors, successors, assigns and legal counsel; the Estate of L. Ron Hubbard, it's executor, beneficiaries, legal counsel and employees; Author's Family Trust, it's trustee, employees, beneficiaries, and legal counsel (hereinafter collectively referred to as the "ESTATE/ASI").
- 2. The CHURCH agrees to indemnify VICKI AZNARAN against any damages stemming from lawsuits which exist now or are brought against her in the future arising out of her association with the Church of Scientology or any posts she has held in the Church. It is understood that as a part of this agreement the CHURCH will provide free legal counsel to VICKI AZNARAN providing she cooperates fully with the CHURCH and CHURCH attorneys and she contacts the CHURCH immediately when she becomes aware of any potential or real legal threat to herself and/or the CHURCH.

- 3. Fo. and in consideration of the bove mutual covenants, conditions and release contained herein, VICKI AZNARAN does hereby release, acquit and forever discharge for herself, her heirs, successors, executors, administrators and assigns, the CHURCH and the ESTATE/ASI from any and all claims, demands, damages, actions and causes of action of every kind and nature, known or unknown, from the beginning of time to and including the date hereof.
- 4. For and in consideration of the mutual covenants, conditions and release contained herein, the CHURCH and the ESTATE/ASI do hereby release, acquit and forever discharge for it, its successors and assigns, VICKI AZNARAN, her agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by VICKI AZNARAN from the beginning of time to and including the date hereof.
- 5. It is understood that this mutual release is not an admission of liability on the part of any party to this Agreement. In executing this Release Agreement, VICKI AZNARAN acknowledges that she has released the organizations, individuals and entities listed in Paragraph 1.
- 6. Further, the undersigned hereby agree to the following:
- A. That liability for any claims is expressly denied by each party herein released, and this Agreement shall never be treated as an admission of liability or responsibility at any time for any purpose.

- B. V. (I AZNARAN has been fully : 'ised and understands that any alleged injuries or alleged money claims sustained by her are of such character that the full extent and type of injuries or money claims may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, damages may be sustained by VICKI AZNARAN; nevertheless, VICKI AZNARAN desires by this document to forever and fully release the CHURCH and the ESTATE/ASI. VICKI AZNARAN understands that by the execution of this release no claims arising out of her experience with, or actions by, the CHURCH and the ESTATE/ASI, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by her or on her behalf, against the CHURCH and the ESTATE/ASI.
- C. VICKI AZNARAN agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other similar form, any writing, or to broadcast, or to assist another to create, write, film or video tape or audio tape, any show, program or movie, concerning her experiences with the Church of Scientology, or personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard, or any entities and individuals listed in Paragraph 1 above. VICKI AZNARAN further agrees that she will maintain strict confidentiality and silence with respect to her experiences with the Church of Scientology and any knowledge or information she may have concerning the Church of

Scientology, Ron Hubbard, or any of a organizations, individuals and entities listed in Paragraph 1 above. VICKI AZNARAN expressly understands that the non-disclosure provisions of this subparagraph shall apply, but not be limited to, the contents or substance of any documents she may have possessed while in the Church including but not limited to any tapes, films, photographs, or variations thereof which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above. VICKI AZNARAN agrees that if the terms of this paragraph are breached by her, that the aggrieved party listed hereinabove would be entitled to liquidated damages in the amount of \$10,000 for each such breach. The reasonableness of the amount of such damages are hereto acknowledged by VICKI AZNARAN.

- D. VICKI AZNARAN agrees to return to the CHURCH at the time of the consummation of this Agreement, all materials in her possession, custody or control of any nature except for any materials she personally possesses that are generally publically available and sold by the Church or their authorized agents any documents, papers, memorandums, tapes, films, photographs, or any variations thereof which concern or relate to the religion of Scientology or any of the persons or entities listed in Paragraph 1 above.
- E. VICKI AZNARAN agrees that she will not voluntarily assist or cooperate with any person adverse to the religion of Scientology in any proceeding against any of the Scientology organizations, or cooperate with any person adverse to any of the organizations, individuals or entities listed in

Paragraph 1 above in any proceeding against any of the organizations, individuals, or entities listed in Paragraph 1 above. VICKI AZNARAN also agrees that she will not cooperate in any manner with any organizations aligned against Scientology or any of the organizations, individuals, or entities listed in Paragraph 1 above.

- participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the organizations, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Unless required to do so by such subpoena, VICKI AZNARAN agrees not to discuss her experiences or personal or indirectly acquired knowledge or information concerning the organizations, individuals, or entities listed in Paragraph 1, with anyone other than members of her immediate family. VICKI AZNARAN shall not make herself amenable to service of any such subpoena in a manner which invalidates the intent of this agreement. As provided hereinafter in Paragraph 16, the contents of this Agreement may not be disclosed.
- G. VICKI AZNARAN hereby acknowledges and affirms that she is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that her ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.
- 7. This Release Agreement contains the entire Agreement between the parties hereto, and the terms of this Release are contractual and not a mere recital. This Release may be

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amended only by a written instrument executed by the undersigned. The parties hereto have carefully read and understand the contents of this Release Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically incorporated herein shall be deemed to in any way exist or bind any of the parties hereto.

- 8. VICKI AZNARAN agrees that she will not assist or advise anyone, including partnerships, associations or corporations, contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement.
- 9. The parties to this Agreement acknowledge that all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will.
- 10. In the event any provision hereof is unenforceable, such provision shall not affect the enforceability of any other provision hereof.
- 11. Each party warrants that it has had an opportunity to seek independent legal advice with respect to the advisability of making the settlement provided for herein and in executing this Agreement. Notwithstanding, VICKI AZNARAN warrants that she fully understand the full nature and legal consequences of this agreement.

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- parties to this Agreement cknowledge that all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have had the opportunity to seek advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement.
- made any statement, representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party or of any officer, agent, employee, representative or attorney for the other party.
- 14. The parties to this Agreement agree that all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.
- 15. Each party warrants that the persons signing this
  Agreement have the full right and authority to enter into this
  Agreement on behalf of the parties for whom they are signing.
- 16. The parties hereto each agree not to disclose the contents of this executed Agreement.

IN W. YESS WHEREOF, the parties ! Teto have entered into and executed this Agreement, on the date opposite their names.

Dated: 9 Apr 87	VICLU DICKE AZNARAN
Dated: 13 april 87	RELIGIOUS TECHNOLOGY CENTER
Dated: 14 A51 1987	CHURCH OF SCIENTOLOGY INTERNATIONAL
Dated: 13 April 1987	CHURCH OF SCIENTOLOGY ALLFORNIA
Dated: 9 Ognil 198)	CHURCH OF SPIRITUAL TECHNOLOGY  By:
Dated: 13 April 187	AUTHOR SERVICES INC.
Dated: 130poul 1957	ESTATE OF L. ROW HUBBARD
Dated: 13 Pail 1987	AUTHOR'S FAMILY TRUET  By Cong
·-8-	



- 3. For and in consideration of the above mutual covenants, inditions and release contailed herein, RICK AZNARAN does hereby release, acquit and forever discharge for himself, his heirs, successors, executors, administrators and assigns, the CHURCH and the ESTATE/ASI from any and all claims, demands, damages, actions and causes of action of every kind and nature, known or unknown, from the beginning of time to and including the date hereof.
- 4. For and in consideration of the mutual covenants, conditions and release contained herein, the CHURCH and the ESTATE/ASI do hereby release, acquit and forever discharge for it, its successors and assigns, RICK AZNARAN, his agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by RICK AZNARAN from the beginning of time to and including the date hereof.
- 5. It is understood that this mutual release is not an admission of liability on the part of any party to this Agreement. In executing this Release Agreement, RICK AZNAPAN acknowledges that he has released the organizations, individuals and entities listed in Paragraph 1.
- 6. Further, the undersigned hereby agree to the following:
- A. That liability for any claims is expressly denied by each party herein released, and this Agreement shall never be treated as an admission of liability or responsibility at any time for any purpose.

- B. RIC AZNARAN has been fully adv ed and understands that any alleged injuries or alleged money claims sustained by him are of such character that the full extent and type of injuries or money claims may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, damages may be sustained by RICK AZNARAN; nevertheless, RICK AZNARAN desires by this document to forever and fully release the CHURCH and the ESTATE/ASI. RICK AZNARAN understands that by the execution of this release no claims arising out of his experience with, or actions by, the CHURCH and the ESTATE/ASI, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by him or on his behalf, against the CHURCH and the ESTATE/ASI.
- C. RICK AZNARAN agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other similar form, any writing, or to broadcast, or to assist another to create, write, film or video tape or audio tape, any show, program or movie, concerning his experiences with the Church of Scientology, or personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard, or any entities and individuals listed in Paragraph 1 above. RICK AZNARAN further agrees that he will maintain strict confidentiality and silence with respect to his experiences with the Church of Scientology and any knowledge or information he may have concerning the Church of

Scientology. L. Ron Hubbard, or any of the organizations, individuals and entities listed in Para, aph 1 above. RICK AZNARAN expressly understands that the non-disclosure provisions of this subparagraph shall apply, but not be limited to, the contents or substance of any documents he may have possessed while in the Church including but not limited to any tapes, films, photographs, or variations thereof which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above. RICK AZNARAN agrees that if the terms of this paragraph are breached by him, that the aggrieved party listed hereinabove would be entitled to liquidated damages in the amount of \$10,000 for each such breach. The reasonableness of the amount of such damages are hereto acknowledged by RICK AZNARAN.

- D. RICK AZNARAN agrees to return to the CHURCH at the time of the consummation of this Agreement, all materials in his possession, custody or control of any nature except for any materials he personally possesses that are generally publically available and sold by the Church or their authorized agents any documents, papers, memorandums, tapes, films, photographs, or any variations thereof which concern or relate to the religion of Scientology or any of the persons or entities listed in Paragraph 1 above.
- E. RICK AZNARAN agrees that he will not voluntarily assist or cooperate with any person adverse to the religion of Scientology in any proceeding against any of the Scientology organizations, or cooperate with any person adverse to any of the organizations, individuals, and entities listed in

Paragraph? above in any proceeding aga st any of the organizations, individuals, or entities listed in Paragraph 1 above. RICK AZNARAN also agrees that he will not cooperate in any manner with any organizations aligned against Scientology and any of the organizations, individuals, and entities listed in Paragraph 1 above.

- F. RICK AZNARAN agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the organizations, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Unless required to do so by such subpoena, RICK AZNARAN agrees not to discuss his experiences or personal or indirectly acquired knowledge or information concerning the organizations, individuals, or enitities listed in Paragraph 1, with anyone other than members of his immediate family. RICK AZNARAN shall not make himself amenable to service of any such subpoena in a manner which invalidates the intent of this agreement. As provided hereinafter in Paragraph 16, the contents of this Agreement may not be disclosed.
- G. RICK AZNARAN hereby acknowledges and affirms that he is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that his ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.
- 7. This Release Agreement contains the entire Agreement between the parties hereto, and the terms of this Release are contractual and not a mere recital. This Release may be

amended only by a written instrument excited by the undersigned. The parties hereto have carefully read and understand the contents of this Release Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically incorporated herein shall be deemed to in any way exist or bind any of the parties hereto.

- 8. RICK AZNARAN agrees that he will not assist or advise anyone, including partnerships, associations or corporations, contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement.
- 9. The parties to this Agreement acknowledge that all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will.
- 10. In the event any provision hereof is unenforceable, such provision shall not affect the enforceability of any other provision hereof.
- 11. Each party warrants that it has had an opportunity to seek independent legal advice with respect to the advisability of making the settlement provided for herein and in executing this Agreement. Notwithstanding, RICK AZNARAN warrants that he fully understand the full nature and legal consequences of this agreement.

- 12. 1 parties to this Agreement knowledge that all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have had the opportunity to seek advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement.
- made any statement, representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party or of any officer, agent, employee, representative or attorney for the other party.
- 14. The parties to this Agreement agree that all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.
- 15. Each party warrants that the persons signing this
  Agreement have the full right and authority to enter into this
  Agreement on behalf of the parties for whom they are signing.
- 16. The parties hereto each agree not to disclose the contents of this executed Agreement.

IN WII 55 WHEREOF, the parties he to have entered into and executed this Agreement, on the date opposite their names.

Dated: 9 Apr 87	Mich AZNARAN
Dated: 13 april 1987	RELIGIOUS TECHNOLOGY CENTER
Dated: 14 April 1987	CHURCH OF SCIENTOLOGY INTERNATIONAL
Dated: 13 Apr. 11987	CHURCH OF SCIENTOLOGY CALIFORNIA
Dated: 1967	CHURCH OF SPIRITUAL TECHNOLOGY
Dated: 13/4-1/987	AUTHOR SERVICES INC.
Dated: 12 Africal 198%	ESTATE OF L. PON TUBBLES
Dated: 13 Quail 1987	AUTHOR'S FAMILY TRUST
	T. C.

#### PROOF OF SERVICE

STATE OF CALIFORNIA )

SS.

COUNTY OF LOS ANGELES )

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Blvd., Suite 2000, Hollywood, California 90028.

On September 19, 1988, I served the foregoing document described as ANSWER AND COUNTERCLAIM OF CHURCH OF SPIRITUAL TECHNOLOGY; DEMAND FOR JURY TRIAL on interested parties by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at Hollywood, California, addressed as follows:

#### SEE ATTACHED LIST

If hand service is indicated on the attached list, I caused such envelope to be served by hand, otherwise I caused such envelope with postage thereon fully prepaid to be placed in the United States mail at Hollywood, California.

Executed on September 19, 1988 at Hollywood, California.

#### SERVICE LIST

## AZNARAN V. CHURCH OF SCIENTOLOGY OF CALIFORNIA, ET AL.,

CIVIL ACTION NO. 88-1786-JMI (Ex)

Howard L. Weitzman WYMAN, BAUTZER, KUCHEL & SILBERT 2049 Century Park East Los Angeles, California 90067

Richard and Vicki Aznaran 5435 Belmont Dallas, Texas 75206

Lawrence E. Heller LENSKE, LENSKE & HELLER 6400 Canoga Ave. Suite 315 Woodland Hills, CA 91367

Michael L. Hertzberg 275 Madison Ave. New York, NY 10016

Earle C. Cooley COOLEY, MANION, MOORE & JONES 530 Atlantic Avenue Boston, MA 02210